

**DEFENDANT'S**

**EXHIBIT B**

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**HR STATEMENT OF WORK**

**EXHIBIT HR 2.1**

**COMPENSATION, BENEFITS AND REWARD SERVICES**

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**1. INTRODUCTION**

This Exhibit sets forth the Compensation, Benefits and Rewards Services that the Supplier will provide in accordance with the Agreement.

Supplier will provide all Services described in this Exhibit in accordance with the applicable Gateway Policies.

**2. EXHIBIT HR 2.1 TOWER ONE – COMPENSATION, BENEFITS AND REWARDS SERVICES**

**2.1 Compensation, Benefits and Rewards Services - Compensation Services**

**(a) Compensation Services - Strategy and Design**

Gateway will be responsible for (i) establishing the design and strategy for cash compensation, variable pay and long-term pay; (ii) developing corporate or line of business compensation policies as appropriate; (iii) developing and designing group compensation plans and programs; (iv) developing and designing executive compensation plans and programs; and (v) developing and designing long-term and incentive compensation plans and programs.

The Supplier's responsibilities include:

- (i) On a project basis, provide consulting support for compensation strategy and design.
- (ii) Performing general economic and industry-specific trend analysis as well as best practices data for compensation strategy and design development.
- (iii) Assisting in developing competitive compensation strategies to meet business goals and objectives.
- (iv) Performing compensation analysis and due diligence with respect to mergers, acquisitions, divestitures and other reorganizations.
- (v) Supporting Gateway as required for internal approval of compensation and benefits for quarterly Board meetings.

**(b) Compensation Services - Surveys and Analysis**

The Supplier's responsibilities include:

- (i) Performing general market and specific job family surveys directed by Gateway, using job codes approved by Gateway.
- (ii) Performing general market and specific job family surveys directed by Gateway, using job codes approved by Gateway.
- (iii) Performing "special cut" and targeted surveys for specific jobs or job families.
- (iv) Performing regional base pay, incentive pay and long-term pay surveys as directed by Gateway.

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- (v) Undertaking the initial pricing of jobs to be filled through recruiting.
- (vi) Performing total cash compensation and benefits level surveys as directed by Gateway.
- (vii) Performing periodic gap analyses on delivered pay and pay practices.
- (viii) Modeling merit pay and/or cost of living increases for Gateway budgeting purposes, based on both internal employee data and market data.
- (ix) Performing analysis of market data against current salary structures and employee's pay.

**(c) Compensation Services - Job Evaluations and Benchmarking**

The Supplier's responsibilities include:

- (i) On a project basis, establish job valuations and valuation system for all existing job codes.
- (ii) Maintaining job valuations, valuation systems and job descriptions.
- (iii) Developing job valuation best practices and industry competitive data.
- (iv) Developing and maintaining benchmark job valuations for each job family.
- (v) Developing and maintaining a mid-point job value database and identifying substantial variation developments.
- (vi) Recommending periodic structure adjustments in the job value system.
- (vii) Correlating job values to external benchmarks and competitive practices.

**(d) Compensation Services - Salary Administration for Base Pay Plans**

Gateway will be responsible for developing a salary increase budget for merit raises and cost of living raises.

The Supplier's responsibilities include:

- (i) Assisting Gateway in developing a salary increase budget for merit raises and/or cost of living raises.
- (ii) Utilizing current market data and best practices data to design and make recommendations regarding base salary increases.
- (iii) Modeling the allocation of raises using performance ratings, job valuation results and regional or competitive adjustments, based on approved Gateway salary budget.

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- (iv) Distributing proposed raise matrices for approval by Gateway compensation managers.
- (v) Upon approval by Gateway Compensation Manager, adjusting the total salary-planning budget for actual raises allocated, before communication to Employees.
- (vi) Delivering notification materials and communications to Gateway employee managers in respect to raises.
- (vii) Maintaining the salary and compensation system and inputting all mass updates for raises granted.
- (viii) Administering and processing all off-cycle, equity adjustment, promotion and other special pay actions.
- (ix) Producing a monthly total salary action report.
- (x) Producing annual salary reports by business units, and by VP/SR VP for review and approval by Gateway.
- (xi) Producing pay equity and affirmative action reports as required by Gateway.
- (xii) Supporting and maintaining online tool for manager self service for compensation recommendations and annual salary review.

**(e) Compensation Services – Sales Compensation Planning and Administration**

Supplier will implement Enterprise Incentive Management (EIM) software to support online administration of sales commissions. Six existing Gateway staff members will be retained by Gateway for up to seven months after the Effective Date for knowledge transfer and seamless administration of plans during EIM implementation. Supplier will be responsible for supporting plan design, administration, reporting and payment (in conjunction with payroll). Gateway will be responsible for approving such plan design.

The Supplier's responsibilities include:

- (i) Modeling cost of new or modified compensation plans, and their associated payouts based on variables such as revenue forecasts, revenue mix prediction and the organization plan.
- (ii) Supporting and providing for correct payout for time-based, multiple and blended sales quotes for different types of revenue.
- (iii) Calculating compensation plan incentive earnings based on parameters determined by Gateway, at the end of each plan period.
- (iv) Supporting multiple methods of incentive earning calculations within a plan (e.g. different methods of calculating commission on the new and residual revenues and different products and product lines).

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- (v) Providing flexibility to change or adjust incentive earning calculation by varying parameters.
- (vi) Reporting on sales attainment and commission payouts.
- (vii) Processing commission payments based on Gateway's defined schedule.
- (viii) Supporting manager and employee online access to view both individual and organization commission earnings.
- (ix) Delivering detailed compensation statements to employees.
- (x) Delivering performance and trend reports to Gateway managers.
- (xi) Supporting and maintaining sales compensation systems.
- (xii) Supporting interface of sales compensation systems with the payroll system.

**(f) Compensation Services - Incentive and Special Pay Plans**

Gateway will be responsible for strategic design, requirements definition and approval for Incentive Pay Plans, including annual bonus and commission plans and other Special Pay Plans, such as Stock Options and Stock Purchase.

**(1) Compensation Services - Incentive Pay Plans (IPP)**

The Supplier's responsibilities include:

- (i) Administering and managing the Gateway Bonus Plans for exempt and non-exempt employees (e.g. GR2 for exempt and SS for non exempt).
  - (1) Developing and modeling annual bonus, commission and other incentive pay plans.
  - (2) Providing recommendations to Gateway regarding industry best practices.
  - (3) Distributing bonus target award letters directly to Gateway employee managers.
  - (4) Performing periodic calculations of target achievements for Gateway compensation management.
  - (5) Calculating and delivering data required for Gateway to process all bonuses.
- (ii) Administering the deferred compensation plan for executives (a non qualified plan).
- (iii) Generating and distributing periodic accrual reports for Non-qualified Executive deferred compensation plan.

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**(1) Incentive Pay Plans– Special Pay Plans**

Supplier will manage Gateway's Stock Option and ESPP plans via an online administration and delivery tool. Supplier will evaluate various tools to perform this function and provide the results of such evaluation to Gateway within 120 days after the Effective Date.

**(2) Special Pay Plans – Employee Stock Purchase Program Design**

Gateway will be responsible for the strategic design of the employee stock purchase plans ("Employee Stock Purchase Plan") and determining eligibility requirements for Employee Stock Purchase Plans. Gateway will provide for the registration function related to the Employee Stock Purchase Plan.

**(3) Special Pay Plans - Implementing Employee Stock Purchase Plans**

The Supplier will provide all administrative and record keeping services for Employee Stock Purchase Plan. Supplier's responsibilities include:

- (iv) Advising and supporting Gateway in the plan design process, including performing any applicable research, recommending options to implement Gateway's strategic design, and supporting the creation of the final documentation with respect to the plan.
- (v) Administering the Employee Stock Purchase Plan.
- (vi) Maintaining records.
- (vii) Coordinating with Gateway payroll for deductions and tracking.
- (viii) Mailing statements to participants.
- (ix) Providing online access to Employee Stock Purchase Plan information for active Gateway employees.
- (x) Maintaining logs of calls from active Gateway employees regarding the Employee Stock Purchase Plan.

**(1) Special Pay Plans – Stock Option Program Design**

Gateway will be responsible for designing, developing and obtaining approval for stock option plans and agreements with employees ("Stock Option Plans"). Gateway will also determine whether the Stock Option Plans are Qualified or Non-Qualified Stock Options for option administration purposes. Gateway will provide the registration function for the Stock Option Plans.



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**(2) Special Pay Plans - Implementing Stock Option Plans**

Gateway will be responsible for defining the criteria for awards and allocation of the options.

The Supplier's responsibilities include:

- (i) Providing market data to Gateway in order to assist Gateway with modeling of the option awards and allocations.
- (ii) Preparing award and allocation communications and option agreements.
- (iii) Distributing option communications and collecting completed agreements from the employees.

**(1) Special Pay Plans - Monitoring Exercise of Stock Options**

The Supplier's responsibilities include:

- (i) Maintaining vesting and terminations schedules.
- (ii) Receiving and processing option exercises in conformity with Stock Option Plans.
- (iii) Instructing registrar to issue stock certificates or effect book entry.
- (iv) Monitoring legend stock and removal of legends.
- (v) Maintaining option plan accounts.
- (vi) Maintaining reports of option exercise.
- (vii) Providing online access to Gateway to options data for the purposes of review and reporting.
- (viii) Notifying and obtaining approval from Gateway legal department with respect to option exercise.

**(a) Compensation Services - Communications and Rollouts**

Gateway will be responsible for developing employee communications strategy with respect to total cash and incentive compensation and for approval of all employee communications.

The Supplier's responsibilities include:

- (i) Developing communications packages and training materials for employees and managers.
- (ii) Combining competitive data, industry data, compensation policy changes and business data in model communications to be delivered to Gateway compensation management for approval.
- (iii) Distributing compensation communications electronically.

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- (iv) Providing and supporting online support tools for compensation visibility.
- (v) Surveying employee knowledge and understanding of Gateway compensation policies on an annual basis, as part of annual Employee Survey.
- (vi) On a project basis, assisting with communications and analysis of other pay practices in connection with mergers, acquisitions, divestitures and reorganizations, as requested by Gateway.

**2.2 Compensation Benefits and Rewards Services – “Supplier-Provided Benefits Services” and “Supplier-Managed Benefits Services.”**

“Supplier-Provided Benefit Services” means the following Services, which will be delivered by Supplier or Supplier’s third party contractor:

- (i) Medical
- (ii) Disability
- (iii) Dental
- (iv) FSA
- (v) Adoption assistance
- (vi) Benefit administration, which includes enrollment functions and COBRA.

“Supplier-Managed Benefit Services” means the management Services related to the Managed Agreements, which provide the following:

- (i) Vision
- (ii) 401(K)
- (iii) Life Insurance
- (iv) Accidental Death and Dismemberment

Gateway will be responsible, with respect to the Supplier-Provided Benefits Services and Supplier Managed Benefits Services, for (i) establishing benefits strategy and approving policies for defined contribution, health, income protection, group life, employee assistance and other benefits programs; (ii) determining appropriate competitive level and suite of benefits and defining benefit eligibility levels; (iii) developing benefit programs for determined levels of eligibility and approving rules for benefit programs eligibility; (iv) determining levels of coverage for different groups of employees, and (v) provide funding for payment of claims. Gateway will be responsible for any run-out (including claim adjudication) related to claims filed prior to April 1, 2004 with Gateway’s third party providers of services like the Supplier-Provider Benefit Services. Gateway will be responsible for banking relationships and requirements.

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**(a) Supplier-Provided Benefits Services and Supplier Managed Benefits Services - Strategy and Development**

The Supplier's responsibilities with respect to Supplier-Provided Benefits Services and Supplier Managed Benefits Services include:

- (i) Providing recommendations for modifications to current plan design based on best practices and industry trend information, prior to end of each calendar year.
- (ii) Based upon Gateway approval, performing financial modeling of cost implications of annual benefits changes to Gateway and its employees, prior to the end of each calendar year.
- (iii) Proposing policies and eligibility rules in accordance with Gateway strategy.
- (iv) Communicating to Gateway employees benefit eligibility levels.
- (v) Applying eligibility rules for benefit programs.
- (vi) Communicating with Third Parties as required confirming eligibility.

**(b) "Supplier-Managed Benefits Services" - Administrative Coordination**

The Supplier's responsibilities with respect to Supplier-Managed Benefits Services include the administrative coordination of all Supplier-Managed Benefits Services, including:

- (i) Identifying substantive issues in interpretation, policies and guidelines to Third Party providers and Gateway.
- (ii) Coordinating policy changes with Third Party service providers.
- (iii) Managing relationships with Third Party service providers.
- (iv) Performing HR due diligence activities with respect to the Supplier-Managed Benefits Services in support of client mergers, acquisitions, divestitures and reorganizations.

**(c) Supplier-Provided Benefits Services - Employee Benefits Claims Processing**

Gateway will be responsible for responding to unresolved claims issues and adjudications made by carriers and providers, escalated to Gateway by Supplier.

The Supplier's responsibilities with respect to Supplier-Provided Benefits Services include:

- (i) Managing ongoing activities, communications and relationships with Supplier's Third Party service providers.
- (ii) Administering benefits claims processing and pay provider networks, including:

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- (1) Interpreting and construing the provisions of the applicable plan, and escalating issues to Gateway as appropriate.
- (2) Reaching factually supported conclusions regarding claims.
- (3) Making full and fair review of each claim that has been denied (and appealed at the first level), and engaging medical personnel as appropriate.
- (4) Responding in writing, pursuant to the requirements as set forth in ERISA.
- (iii) Managing overall benefits claims payments, trending and analysis of major claims processing.
- (iv) Responding to employee status inquiry on claims.
- (v) Retaining and making available employee data for providers.
- (vi) Responding to inquiries on claims adjudication.
- (vii) Resolving first level claims adjudication appeals.
- (viii) Performing administrative support or dispute resolution or claims appeal board.
- (ix) Reporting on claims data trends.
- (x) Processing withdrawals/disbursements.
- (d) **Supplier-Provided Benefits Services - Life Event Processing and Annual Open Enrollment**

Gateway will be responsible for defining annual enrollment, new hire elections and life event policies and for funding the applicable benefit payments.

The Supplier's responsibilities with respect to Supplier-Provided Benefits Services include:

- (i) Collecting and validating employee benefits election data and eligibility.
- (ii) Notifying and instructing employees regarding manual or electronic employee entry of benefits elections.
- (iii) Responding to employee inquiries concerning benefits elections.
- (iv) Developing and delivering benefits reporting for funding and event management.
- (v) Providing and supporting online capability for annual enrollment and Life event updates.
- (vi) Delivering enrollment reports to Gateway as required by Gateway.

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**(e) Supplier-Provided Benefits Services - Communications**

Gateway will be responsible for establishing benefits communications, compliance, approval and statutory reporting strategy and to approving all benefits communications.

The Supplier's responsibilities with respect to Supplier-Provided Benefits Services include:

- (i) Developing and distributing benefits communications for employees.
- (ii) Producing and distributing benefits information to employee.
- (iii) Providing data as requested by Gateway for tracking compliance and statutory reporting.
- (iv) Producing and submitting statutory compliance reports to applicable government agencies.
- (v) Tracking and monitoring, and reporting benefits compliance to Gateway.

**(f) Supplier-Provided Benefits Services- Accounting**

The Supplier's responsibilities include:

- (i) Managing and reporting on benefits provider disbursements and payments.
- (ii) Performing benefits accounting and cost distribution.
- (iii) Providing benefits cost-related data to Gateway as requested by Gateway.

**(g) Supplier-Provided Benefits Services- Customer Inquiries**

The Supplier's responsibilities include:

- (i) Providing employee inquiry and problem resolution services through Employee Service Center.
- (ii) Providing and supporting online tools for managing and reporting on employee inquiries and problems.
- (iii) Providing online access to Gateway for employee problem ticket system.
- (iv) Tracking receipt and resolution of employee issues and problems.
- (v) Reporting metrics and performing trend analysis on employee inquiry and problem resolution.

**2.3 Compensation, Benefits and Rewards - Tuition Reimbursement**

Gateway will be responsible for approving tuition reimbursement policies and for funding the applicable payments.

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The Suppliers responsibilities include:

- (i) Designing plans and eligibility policies for tuition reimbursement.
- (ii) Administering tuition reimbursement plans.
- (iii) Confirming eligibility and approving tuition reimbursement requests.
- (iv) Administering tuition reimbursement systems.
- (v) Archiving transcripts and completion files.

#### **2.4 Compensation, Benefits and Rewards Services - Service Awards Services**

Supplier will leverage the Employee Services Center to provide fulfillment in this area.

##### **(a) Service Award Services - Service Award Program Design**

Gateway will be responsible for determining the schedule and nature of awards and will select items and secure inventory directly or through a vendor and will provide funding for cash reward payments.

##### **(b) Service Award Services - Service Award Rollout**

The Supplier's responsibilities include:

- (i) Preparing and distributing program communications to employees.
- (ii) Collecting and reporting data from payroll on service award anniversaries within planning horizon to Gateway.
- (iii) Distributing election forms to employees with catalogs.
- (iv) Securing election forms.
- (v) Shipping awards to location for presentation or to employee home address.
- (vi) Monitoring and reporting usage and popularity of items for catalog or policy revision.
- (vii) Reporting on total usage and expense as requested by Gateway.
- (viii) Administering cash award and employee recognition plans, including service award plans.
- (ix) Advising managers and employees of service anniversary.
- (x) Providing online employee self service access for service or recognition award selection.
- (xi) Providing online manager self service access for employee recognition.

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## **2.5 Compensation, Benefits and Rewards Services - Payroll Services**

Supplier will review new employee information on receipt for accuracy, then enter such information for payroll processing to include necessary benefits and deductions. Supplier will pay the costs of printing, postage and check stock related to payroll.

Gateway will fund payroll payments. Gateway will support development of a single, bi-weekly (in arrears) payroll cycle. Gateway will be responsible for banking relationships and requirements.

### **(a) Payroll Services - Payroll Process Design**

Gateway will be responsible for defining payroll policies and requirements.

The Supplier's responsibilities include:

- (i) Evaluating, analyzing and advising Gateway on payroll policies, requirements, trends and best practices.

### **(b) Payroll Services - Employee Setup and Systems Maintenance**

The Supplier's responsibilities include:

- (i) Performing new employee payroll setup.
- (ii) Validating, processing and managing employee payroll changes.
- (iii) Entering employee payroll changes to payroll system and informing employer and benefits providers as necessary.
- (iv) Confirming employee payroll changes back to employees via a payroll stub or other available tool, and to all benefit providers servicing Gateway or the employee through the payroll system to obtain premiums or information for benefits administration purposes.

### **(c) Payroll Services - Time and Attendance**

Gateway will be responsible for approving or declining special pay of temporary upgrade cases.

The Supplier's responsibilities include:

- (i) Submitting time and attendance data to payroll calculation system.
- (ii) Administering special pay or temporary upgrade cases subject to Gateway authorization and approval.
- (iii) Collecting confirming, processing and retaining time and attendance data.
  - (1) Posting time entry totals to balancing worksheet or utilizing tools in on-line timesheets.
  - (2) Processing manual time sheets as necessary.

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- (iv) Validating, following-up and resolving time and attendance submission errors or issues.
  - (1) Inputting manual and negative payroll adjustments, and deductions.
  - (2) Contacting Gateway Business Units and following up as necessary to obtain any missing information.
- (v) Developing and delivering labor hourly reporting as requested by Gateway.

**(d) Payroll Services – Calculations**

Suppliers responsibilities with respect to Payroll Services – Calculations include:

- (i) Supplier will run reports prior to each pay cycle to identify errors, and will perform, and notify Gateway of, applicable corrections.
- (ii) Handling adjustments, expense reimbursement, commissions, car allowance, STD, aggregate overtime, daily overtime and net payroll check amount.
- (iii) Reviewing generated output for accuracy.
- (iv) Paying terminated employees.
  - (1) Calculating and managing severance payments per severance agreements with eligible employees as required by Gateway.

**(e) Calculation of Deductions and Net Earnings**

Gateway will be responsible for establishing and maintaining policies regarding allowance rules, salary scales, allowance tables and job codes.

The Supplier's responsibilities include:

- (i) Updating system salary garnishment, lien and Qualified Domestic Relations Order information.
- (ii) Submitting updates for tax and deduction information.
  - (1) Providing 401K withholdings, deferred comp and loan repayment to Plan administrator. Reconcile 401(k) with third party.
  - (2) Notifying Gateway treasury department of transfers to Plan Administrator for 401K withholdings (taking forfeitures into consideration).
- (iii) Collecting, confirming, processing and retaining entry logs of all submitted changes to the Payroll System.



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- (iv) Applying mass data updates and changes to the Payroll System.

**(f) Pay Distribution and Government Reporting**

The Supplier's responsibilities include:

- (i) Performing payroll runs for gross to net calculation for each pay period in the applicable payroll cycle.
- (ii) Validating completion of payroll runs and accuracy of calculations and deductions.
- (iii) Performing special check processing.
- (iv) Performing exception reporting and processing.
  - (1) Creating automated clearinghouse files and submitting for processing. (Direct deposits & tax payments)
- (v) Preparing ad hoc reports regarding payroll and employee-related matters on an as-requested basis by Gateway.
- (vi) Developing and delivering reports on deductions and payments to Third Party providers.
- (vii) Preparing check requests to Third Parties and government agencies as required.
- (viii) Collecting and maintaining payroll direct deposit information.
- (ix) Producing and distributing, with each payroll check, a pay stub reporting of deductions and earnings, detailing earnings and deductions, including current and year to date information.
- (x) Producing, printing and delivering payroll checks and associated reports.
- (xi) Voiding and reprinting payroll checks in the event that original payroll checks are lost.
- (xii) Processing bonus, profit sharing, relocations, terminations, settlements, sign-ons, personal airplane usage, and specials for checks/payments as necessary.

**(g) Payroll Services - Labor Distribution and Payroll Accounting and Reporting**

Gateway will be responsible for identifying earnings codes and cost codes.

The Supplier's responsibilities include:

- (i) Producing general ledger G/L extract and transmit/execute G/L interface files.

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- (ii) Closing payroll and creating general ledger interface for both regular payrolls as well as month-end accruals.
- (iii) Producing and delivering labor distribution and payroll budget center reports.
- (iv) Initiating, producing and delivering payroll reports as required by Gateway, benefits providers and governmental agencies.
- (v) Developing and delivering periodic earnings and deductions reports to local, state and federal governmental agencies.
- (vi) Preparing and submitting withholding, FICA, FUTA and state and local tax filings.
  - (1) The Supplier will manage ongoing activities, communications, and relationships with Gateway's payroll tax filing third party provider.
  - (2) Filing returns and remitting timely payments to Governmental Authorities for all federal, state and local taxes using the IRS's Electronic Federal Tax Payment System and state-approved file transfer systems where possible, and otherwise using conventional filing and payment methods.
- (vii) Remitting garnished wages to courts, agencies or other appropriate Governmental Authorities. Filing any required answers with such courts, agencies and government authorities.
- (viii) Support Gateway in complying with laws, including applicable regulations promulgated by the U.S. Department of Labor and by state and federal taxing authorities, including by:
  - (1) Providing Gateway treasury department with reports of taxes due and dates.
  - (2) Providing Gateway treasury department with cash forecasts related to payroll, payroll taxes and other related payments.
  - (3) Reporting information from IRS Forms W-2 and W-2C to the IRS, the Social Security Administration and such other authorities.
  - (4) Preparing and delivering all government statistical and demographic reports (e.g. BLS 790 for Bureau of Labor Statistics)
  - (5) Preparing and distributing all required reports defined by Attachment 13-A of this document including:
    - a. Printing and delivering W-2's.

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- b. Creating and delivering reporting tapes to Federal, State and local authorities.
  - c. Preparing and submitting W-2c and 941c adjustments, as required.
  - d. Support the filing of State and Local corrections, as required subject to Gateway's review and approval.
  - e. Reporting year-end adjustments e.g. 401k from Bonus check.
  - f. Providing quarterly and monthly Federal, State and local reports, as required.
- (6) Providing Gateway Legal with ESPP withholdings report twice a year.
- (ix) Retaining and archiving required payroll documents for legally prescribed time periods.
- (x) Completing journal entries regarding labor allocations as requested by Gateway.
- (xi) Provide journal entry for tax payments.
- (xii) Preparing PTO and benefits accrual and providing GL interface.
- (xiii) Preparing and distributing annual earnings and deductions statements for employees.

**2.6 Payroll Services - Customer Issue Resolutions**

The Supplier's responsibilities include:

- (i) Resolving problems/issues/collections with employee through Call Center or on-line problem resolution system.
- (ii) Providing and supporting tools for managing and reporting on customer requests/problems and case management.
- (iii) Verifying payroll records as requested in connection with depositions and similar legal proceedings.
- (iv) Receiving, recording, responding, resolving and escalating for resolution employee inquiries, issues and problems, including:
  - (1) Initiating corrective actions to resolve problems, and confirm resolution with employee.
  - (2) Requesting and producing manual payroll checks.

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- (3) Processing voided payroll checks.
- (4) Issuing stop payments for any lost, damaged or incorrect checks; issue such stop payment where applicable concurrently with the delivery of a replacement check; and withhold fees from replacement check.
- (v) Reporting metrics on customer inquiry, problem resolution and activity trends.
- (vi) Reporting to Gateway on open, resolved and escalated problems as requested by Gateway.
- (vii) Responding to requests for compensation, income and employment verifications from Gateway or Third Parties.
- (1) Researching and providing timely responses to all inquiries from the IRS, the Social Security Administration, governmental authorities and third party administrators. Escalating issues to Gateway management as necessary.

**(b) Payroll Services - Bank/Reconciliation**

Gateway will be responsible for banking relationships and requirements.

The Supplier's responsibilities include:

- (i) Analyzing and resolving reconciliation errors and anomalies, and making adjustments/corrections as required.
- (ii) Preparing and delivering ad-hoc and special reports as requested.
- (iii) Auditing cash movements through payroll accounts and identifying errors or anomalies to Gateway and the servicing bank.
- (iv) Archiving and retrieving payroll audit documentation/reports.
- (v) Performing check register reconciliation, exception reporting and cash management reporting.
- (vi) Preparing schedules, source documents, and additional analyses for Gateway in support of its audit function, including written explanations, as requested by Gateway.

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**(c) Payroll Services - Expense Reimbursement Policies**

Gateway will be responsible for defining reimbursement policies and procedures and for funding reimbursement payments.

The Supplier's responsibilities include:

- (i) Assist Gateway in updating its policies, including providing data regarding Gateway employees and contractors use of such policies and possible improvements in such policies.
- (ii) Maintaining reimbursement tools and forms.
- (iii) Communicating policy and policy changes as directed by Gateway.

**(d) Payroll Services - Employee Expense Reimbursement**

The Supplier's responsibilities include:

- (i) Performing employee expense document management including:
  - (1) Monitoring and paying corporate credit card expenses incurred in the normal course of business. Receiving batch feeds from company authorized credit card company.
  - (2) Receiving employee expense reports (i.e. Employee Receipts Report) with associated backup receipts.
  - (3) Scanning receipts into employee expense system.
  - (4) Reviewing and resolving any errors or inadequacy of source documents prior to processing.
  - (5) Performing accounting review, based on exceptions to business rules.
  - (6) Archiving and maintaining expense receipt files in compliance with records retention schedule with Gateway records management.
- (ii) Verifying and processing employee expenses including:
  - (1) Reviewing employee expenses reports against Gateway policy and communicating any out-of-range exceptions.
  - (2) Processing employee reimbursement transactions.
  - (3) Resolving expense document exceptions for resolution.
  - (4) Managing process to pay employees via direct deposit and checks twice a week.

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- (5) Processing payment files for direct deposit payments, outsourced checks and in-house checks.
  - (6) Compiling and distributing incurred expenses to cost centers and to general ledger and tax books.
  - (7) Distributing payment of authorized expenses to employee.
- (iii) Responding to inquiries including:
  - (1) Receiving, documenting, researching and responding to inquiries.
  - (2) Providing end user support and training of online expense reporting tools.
  - (3) Facilitating resolution of escalated inquiries.
  - (4) Maintaining log of disallowed items and resolving disputed amounts.
  - (5) Promoting utilization of inquiry tools.
- (iv) Providing reporting including:
  - (1) Preparing reports regarding employee expenses.
  - (2) Preparing reporting information as required by Gateway management.
  - (3) Providing process performance reporting.
- (v) Reviewing existing processes to evaluate process performance and working with Gateway management to develop action plans to improve upon current performance levels.

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